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Vol. 38 No. 16 April 16, 1984 Page 121

INSIDE

Air Florida Suing PBA ..... Page 122
Commuter Traffic Up Sharply ..... Page 123
Gulfstream Laying Off Employes .... Page 124
Business Aviation Briefs ..... Page 125
Marketplace ..... Page 128

DEFICIT REDUCTION BILLS CONTAIN LIMITS ON AIRCRAFT USE

House and Senate approved separate deficit reduction bills last week, both of which contain restrictions on the use of aircraft or limit the ability of operators to write off aircraft purchases as business expenses. Measures approved last week, H.R.4170 in the House and an amendment to H.R.2163 in the Senate, contain the same language regarding aircraft use approved earlier by the House Ways and Means Committee and the Senate Finance Committee *(BA, March 19/89).*

Legislation approved by the Senate would require that transportation equipment—including aircraft—be used for business purposes at least 90 percent of the time in order to qualify for existing business-related tax deductions. H.R.4170 approved by the House would require persons who use business aircraft for personal trips to include the value of that transportation when determining their income for tax purposes.

Congress adjourned early Friday morning until April 24 for the Easter recess. It is expected that a House-Senate conference committee will be appointed shortly after members return from recess to resolve differences in the two pieces of legislation. Aviation interests are expected to lobby against the aviation restrictions, particularly the 90 percent provision in the Senate bill. Because of the wide-ranging nature of the legislation, however, industry lobbyists will be competing for Congressional attention with representatives of many different interest groups, who also will be seeking changes to benefit their particular constituencies.

RAYTHEON'S WALSH NAMED CHIEF OPERATING OFFICER OF BEECH AIRCRAFT

James S. Walsh, 50, a Raytheon Company employe since 1956, was named senior executive vice president and chief operating officer of Beech Aircraft Corp. and was elected to a seat on the board of directors last week. Thursday's announcement reverses a management restructuring announced just three months ago. Walsh, whose name but not his duties had been announced earlier *(BA, April 9/116),* "will be responsible for the day-to-day operations of the company," a Beech statement said. Announcement of Walsh's duties, which followed a meeting of Beech's board of directors, said Walsh will report to President and Chief Executive Officer Linden Blue and will be a member of the company's Office of the President. No one previously had the title of chief operating officer.

In addition to Walsh's appointment, Beech also announced promotions for two longtime employes and a realignment of duties for another official. Charles W. Dieker was promoted from senior vice president and treasurer to executive vice president and treasurer and Glenn Ehling, who had been senior vice president-operations, also was named an executive vice president. Beech now has three persons with that title as Chet Rembleske was named executive vice president in January. When that appointment was announced, Beech said Rembleske would assist Blue "in the overall management of Beech, with full authority to act in Blue's absence. This expansion of the office of the CEO will strengthen the Beech management team and provide continuity of management direction" when Blue is absent *(BA, Jan. 16/19).* A spokesman told *BA* last week that Rembleske's responsibilities will now be limited to engineering and will not include the duties outlined in January. Rembleske had been senior vice president-engineering before the January promotion.

Blue said that "we are very pleased to have a man of Jim Walsh's background on board," adding that his experience "will blend very well within our existing management group and help further broaden and

(Continued on the following page)

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WRIGHT BOOSTS SHORTS 360 SALES WITH ORDER FOR EIGHT PLANES – Wright Air Lines of Cleveland, Ohio, in need of new aircraft to replace part of its existing Convair 600 fleet, has ordered eight 36-passenger Shorts 360 aircraft from the Belfast, Northern Ireland manufacturer. The order, which Shorts said is valued in excess of $36 million, is the largest single contract ever written for the 360. It also continues a strong surge in orders for the aircraft that has extended over the past 15 months, during which orders/options for the aircraft have more than tripled to a total of 90 airplanes. First of the aircraft for Wright will be handed over in May, with a total of five scheduled for delivery by the end of June. Remaining three will be delivered during the first quarter of 1985.

RAA REPORTS SHARP RISE IN PASSENGERS, RPMs BY COMMUTERS IN 1983 – Regional Airline Association said the number of passengers carried by commuter and regional carriers rose 17 percent in 1983 while revenue passenger miles (RPMs) flown by those carriers increased 24 percent over 1982 levels. Statistics were obtained from a survey of commuter/regional operators by the association and will be included in RAA's 1983 *Annual Report of the Regional Airline Industry (see charts on the back of Pages 124-127).*

Total passengers rose from 18.6 million in 1982 to 21.8 million last year and RPMs jumped from 2.61 billion to 3.24 billion. Increases came despite an 11 percent reduction in the number of airlines in the industry, from 245 in 1982 to 218 in 1983. RAA said the top 50 carriers "accounted for 81 percent of the passengers and 87 percent of the RPMs," with the top 100 carriers accounting for 96 percent of the passengers and 97 percent of the RPMs, respectively.

Turboprop-powered aircraft increased their share of the fleet, accounting for 798, or 53.3 percent, of the 1,497 non-jet airplanes. Number of multi-engine, piston-powered planes was 545, or 36.4 percent, while single-engine, piston-powered planes accounted for 154, or just over 10 percent of the total. In terms of percentage of total fleet seating capacity, the Shorts 330/360 models jumped from sixth place in 1982 *(BA, April 18, 1983/125)* to second place last year with 9.5 percent of total seats. Fairchild Metro remained in first place, but its percentage dropped from 14.3 percent in 1982 to 13.5 percent last year.

HEXCEL CORP. ACQUIRES DITTMER AND DACY INC. – Hexcel Corp. has acquired Dittmer and Dacy Inc., San Diego, Calif., for an undisclosed amount of cash. Dittmer and Dacy designs, develops and manufactures graphite- and glass-fiber-reinforced components for electronics, optics, instrument, medical, communications and aerospace applications, Hexcel Chairman and President Harvie M. Merrill said. Dittmer and Dacy will operate as a subsidiary of Hexcel, reporting to James D. Neff, vice president of the Structural Products Division, and will continue to operate from San Diego.

FAA FORMING 'SPECIAL PURPOSE' TEAMS ON AIRLINE SAFETY PROBLEMS – Federal Aviation Administration plans to form six "special purpose" teams to obtain information on six safety-related areas of airline operation. FAA officials said its recent inspection program of some 355 scheduled carriers *(BA, March 5/73)* indicated a need to obtain information "on the areas listed below which appear to be problems common to many airlines: contract/piggy-back training; continuing contractual and informal subservice agreements; contract station facility service to air carriers; contract/piggy-back maintenance and reliability programs; minimum equipment list/deferred items; and, emergency equipment and carry-on baggage."

While identification of those six "generic" long-term areas of concern was relatively straightforward, the results of the Transportation Department-ordered Phase I inspection of scheduled carriers were less clear. A DOT press release distributed to reporters said the agency "has identified 44 air carriers which need closer study" in Phase II of the inspection program. After sharp questioning, however, DOT officials acknowledged that the bulk of the problems concerning those carriers were record-keeping discrepancies. One DOT official said he would give the airline industry an "A minus" based on results of the Phase I inspections, while another added: "It shows the industry is in very fine shape. There were no big surprises out there." DOT said 29 of the 44 carriers are large (Part 121) operations, while the remainder are Part 135 carriers.

In addition to those 44, DOT said immediate Phase II inspections of seven additional carriers were ordered because of more serious problems. One of those, Sundorph Airlines of Cleveland, had its operating authority suspended March 23. A DOT official said another certificate revocation "is imminent," but officials refused to identify that carrier.

REGIONAL/COMMUTER AIRLINE INDUSTRY STATISTICS

	1982	1983	% Change 1982
Passenger Statistics			
Carriers	215	196	-9
Passengers Enplaned (Mil)	18.6	21.8	17
RPM (Bil)	2.61	3.24	24
Airports	817	854	5
Trip Length	141	149	6
Av. Pass. Enplaned per Carrier	86,500	111,200	29
Cargo Statistics			
Carriers	30	22	-27
Pounds (Mil)	628	396	-37
Total Carriers	245	218	-11
Total Aircraft	1857	1808	-3
Aircraft Util(Hrs)	1373	1563	14

TOP AIRCRAFT IN REGIONAL PASSENGER SERVICE

	Percent of Total Industry Seat Capacity	Total Aircraft in Passenger Operations	Est. Fleet Utilization Hours (000)
Fairchild Metro	13.5%	157	356.9
Shorts 330/360	9.5	74	153.0
deHavilland Dash 7	8.2	37	82.3
Embraer Bandeirante	8.0	105	221.9
Convair 580/600/640	7.8	56	88.6
deHavilland Twin Otter	7.6	105	200.8
Beech Model 99	7.3	119	243.6
Fokker/Fairchild F27	6.7	37	75.8
Nihon YS 11	4.6	23	39.8
Cessna 402	3.4	187	213.2
Piper Navajo Series	3.1	167	191.2
CASA 212	2.0	21	43.8
Total Top Aircraft	81.7%	1088(70%)	1,910.9(79%)
All others	18.3%	460(30%)	504.1(21%)
Total Passenger Aircraft	100.0%	1548(100%)	2,415.0(100%)

RAA Annual Survey

SUMMARY OF AIRCRAFT IN REGIONAL PASSENGER USE IN 1983

MANUFACTURER	Piston Engine Single-	Piston Engine Multi-	Turbo-prop	Jet	Heli-copter	Aircraft total
Aero Commander	*	8	2	*	*	10
Aerospatiale.....	*	*	14	*	7	21
Beech	*	17	121	*	*	138
Bell	*	*	*	*	14	14
British Aerospace	*	*	24	6	*	30
Britten-Norman	*	48	*	*	*	48
CASA	*	*	21	*	*	21
Cessna	85	200	1	*	*	286
Convair	*	2	56	*	*	58
deHavilland	25	21	142	*	*	188
Douglas	*	24	2	4	*	30
Embraer	*	*	105	*	*	105
Fairchild (Swearingen)	*	*	157	*	*	157
Fokker	*	*	37	7	*	44
Grumman	*	16	13	*	*	29
Martin	*	11	*	*	*	11
Nihon	*	*	23	*	*	23
Piper	44	197	3	*	*	241
Shorts	*	*	74	*	*	74
Misc*	*	1	6	1	12	20
TOTAL ALL ACFT	154	545	798	18	33	1,548

Misc* Dornier 1; IAI 5; Mitsubishi 1; Hughes 4; Westland 6; Sikorsky 2; Learjet 1

RAA Annual Survey 3/31/84

TOP 100 REGIONAL AIRLINES 1983 IN PASSENGERS CARRIED

1	Mid Pacific	1,247,900
2	Britt Airways	949,237
3	PBA (Provincetown Boston & Naples)	931,751
4	Air Wisconsin	802,997
5	Empire Airlines	716,629
6	Henson Aviation	699,437
7	Metro Airlines	612,736
8	MVA(Mississippi Valley Airlines)	585,613
9	PRINAIR (Puerto Rico International Airlines)	576,378
10	Ransome Airlines	540,758
11	Horizon Airlines	452,925
12	Rio Airways	405,000
13	Pennsylvania Airlines	403,561
14	Wright Airlines	402,812
15	Rocky Mountain Airways	398,624
16	Air Midwest	388,835
17	Aspen Airways	366,365
18	Atlantic Southeast Airlines	358,000
19	Cascade Airways	349,776
20	Imperial Airlines	343,680
21	SunAire Line	330,000
22	Comair	304,629
23	Suburban Airlines	290,807
24	Pilgrim Airlines	284,308
25	Air Virginia	274,991
26	Emerald Airlines	274,905
27	Bar Harbor Airlines	269,618
28	Air Illinois	262,465
29	Wings West Airlines	253,040
30	Midstate Airlines	227,181
31	Royale Airlines	224,067
32	Scheduled Skyways	222,330
33	Simmons Airlines	213,907
34	Royal Hawaiian Air Service	212,173
35	Command Airways	210,553
36	OceanAir	190,231
37	Dolphin	187,246
38	Chautauqua Airlines	186,288
39	Golden West	177,595
40	Crown Airways	169,825
41	Fischer Brothers Aviation	168,719
42	Skywest Airlines	163,160
43	Air North	155,375
44	Chaparral Airlines	127,019
45	Southern Jersey Airways	126,080
46	Westair	125,000
47	NewAir	125,000
48	Pocono Airlines	120,419
49	Precision Airlines	119,908
50	NY Helicopter	115,315

Top 50	Enplaned Passengers		Revenue Passenger Miles	
	Actual	% of Total	Actual	% of Total
	17,645,168	81%	2,626,000,000	81%

RAA Annual Survey

51	American Central	112,650
52	Freedom Airlines	110,224
53	Alaska Aeronautical	109,650
54	South Central Air	108,611
55	Pacific Coast	105,790
56	Crownair/Dorado Wings	102,358
57	Sea Airmotive (Sea Air)	102,000
58	Virgin Island Seaplane Shuttle	100,999
59	San Juan Airlines	97,188
60	Gull Air	95,919
61	Chalks	93,234
62	Pompano Airways	92,000
63	Scenic Airlines	89,708
64	Vieques Air Link	88,000
65	Pioneer	85,172
66	Capitol Air Service	83,734
67	Sunbird (N.C.)	81,819
68	Atlantis Airlines	81,638
69	Aero Virgin Islands	79,000
70	Air Kentucky	78,929
71	Tyee Airlines	78,400
72	Wings Airways	77,236
73	Air Molokai-Tropic Air	73,200
74	Air Vermont	66,000
75	Trans Central	65,662
76	Trans Colorado	61,799
77	Air Nevada	61,250
78	Excellair (Air U.S.)	60,000
79	Atlantic Gulf	55,000
80	Tennessee Airways	53,644
81	Wills Air	53,159
82	Valdez	52,000
83	Skyway of Ocala	51,000
84	Sunaire	50,980
85	Dash Air	48,465
86	Mall Airways	48,000
87	Wheeler	48,000
88	Mesaba	47,105
89	Clinton Aero Corporation	46,000
90	Aero Coach	45,059
91	Sunwest	42,658
92	Jetstream (Vee Neal)	38,981
93	Big Sky Airlines	38,764
94	Colgan	37,894
95	Mesa Air Shuttle	36,000
96	Sunbelt	35,823
97	Finair Express	34,600
98	Flamenco	33,409
99	Marco Island Airways	33,110
100	Air North (Alaska) Yukon Air Service	29,791

Top 100	Enplaned Passengers		Revenue Passenger Miles	
	Actual	% of Total	Actual	% of Total
	21,049,884	96%	3,129,000,000	97%
Total Industry	21,820,000	100%	3,242,000,000	100%

RAA Annual Survey